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An AICPA publication for the local firm

ESTABLISHING A LOCAL FIRM RECRUITING PROGRAM

The primary source of professional staff for a CPA firm is college graduating classes and if you are to obtain the type of people you want for your practice, it is essential to establish an effective recruiting program. We are convinced that recruiting is the foundation for success in a CPA firm, so much so, that we have three partners engaged in on-campus recruiting activities to enable us to cover more schools. We wrote down our recruiting procedures some years ago, but in order to further ensure commonality in the way data is collected and evaluated, we developed a recruiting manual in 1980.

Apart from deciding on the type of graduates you would like to have join your firm, you must also determine how many people to hire if you are to attain your long-range goals. We compute our professional staff needs as part of our long-range plan (See "The Art and Science of Picking Your Niche for Growth" in the March 1980 *Practicing CPA*) and hire people who have received a bachelor's degree with a major in accounting. These are not necessarily the graduates who have the highest grades. Rather, they are people we believe have the potential to become partners in May, Zima & Co. We try to visualize how they will fit in our firm in 8 to 10 years' time.

School selection is very important. We believe a firm should recruit at colleges outside its own region, if possible, to get people with different ideas. We started doing this in 1969 when we were a four-partner firm. Now we recruit in 15 schools in 3 states.

If you have a partner or manager who is an instructor at a particular school, it can greatly facilitate your relations with the accounting faculty and in knowing who can help you. We make a point of asking the students which instructor they go to with their problems. Most often, we find,

this is not the chairman of the accounting department or anyone the national firms are talking to. This person can be a most valuable contact—several people who are now partners in our firm were found this way.

Get to know the people on campus before you start your recruiting program. (We always visit a campus a year prior to starting a recruiting campaign.) Don't forget the people in the college placement office when you visit. Secretaries and other office workers can sometimes help you a lot. And stay in contact with the schools all year, not just at recruiting time.

You must make sure you are at the school when the graduates have their interview sessions. The timing is all important. Make every effort to get to know prospective candidates. Find out what their interests are and what they are like. Go to football games with them, etc. In our case, we look for bright candidates but don't really compete for those with super grades, although we do try to interest them. The starting salaries we pay are determined by market conditions.

To be effective, a recruiting partner should be able to offer interesting information about the firm. (We believe in full disclosure and make sure that our partners have the facts.) You should endeavor to find something unique about your firm that your recruiting partner can tell students. Talk to them about the career paths they can have with your firm—money is important too.

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Honorary Directorships and Trusteeships

This article is based on staff responses to ethics inquiries and is not an official pronouncement of the professional ethics executive committee or of the AICPA. Also, it does not address requirements of other regulatory bodies.

Rule 101 B (1), "Independence," of the AICPA Code of Professional Ethics provides in part that independence will be considered impaired if during the period covered by the financial statements, or during the period of the professional engagement, or at the time of expressing an opinion, the member or his firm was connected with the enterprise as a director, officer or in any capacity equivalent to that of a member of management.

Ordinarily, independence would be impaired under Rule 101 if a member served as a director or trustee of his client. However, Interpretation 101-1 of the Code, "Honorary Directorships and Trusteeships," permits a member to lend the prestige of his name by serving as a director or trustee of a client charitable, religious or civic not-for-profit organization if several criteria are met. Independence will not be impaired so long as

- ☐ The member's board position is "purely honorary." A purely honorary position requires that the member not vote or otherwise participate in any management function of the entity. His participation with the client is restricted solely to the use of his name.

In addition, all letterheads and externally circulated materials in which the member is named as a director or trustee must indicate the honorary nature of the member's position.

- ☐ The organization to which a member lends only the prestige of his name has a sufficiently large board to clearly permit the member to limit his participation consistent with the interpretation's restrictions.

Interpretation 101-1 deals only with honorary directorships and trusteeships for not-for-profit

charitable, religious or civic organizations. In situations where the member lends his name by serving on the boards of other organizations, independence will be considered impaired under Rule 101 of the Code.

Help with Your Printed Materials

Some time back, in response to requests for suggestions on how to develop capability brochures and logos, etc., the AICPA management of an accounting practice committee set up an exchange program through which firms can share such material. One hundred twenty-four practitioners have requested information about this program and several have developed brochures as a result.

Currently, about twenty-eight firms that have developed this type of material are on the exchange list and the MAP committee would like to broaden this number and encourage more firms to participate in the program.

In order to do this, it would be helpful

- ☐ If firms send copies of their brochures and other materials to the Institute.
- ☐ For the firm to state the price (if any) when the material is sent in.
- ☐ To know if an outside agency prepared the material.

When requests are received, the MAP committee staff will

- ☐ Send the inquiring firms a list containing the names of firms that have developed brochures or other material.
- ☐ Suggest that firms requesting material get in touch with the issuing firms directly.
- ☐ Suggest that firms requesting material reimburse firms providing it, if necessary.

Please send material and requests for information to Nancy Myers, director, industry and practice management division, AICPA.

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Establishing a Recruiting Program

(continued from page 1)

To be properly prepared for the interview, you should have a fairly complete picture of the candidate in your mind before he or she arrives. Review the student's résumé carefully, flag special items and have all available information and needed forms at hand. After interviewing all candidates, size up the group as a whole and then analyze the individual résumés to see if anyone stands out.

At the actual interview, ask thought-provoking questions that relate to things the student has done. One question we always ask candidates is what were the most significant things that persuaded them to go into public accounting. Their answers show if they appreciate the opportunities that have come their way.

Seek additional information. Check each student's academic achievements (remember that the accounting curriculum is different at each school) and watch for signs of burnout. Not one of the

students with a 4.0 index who joined our firm is still with us. We think they just didn't want to work that hard anymore. Work experience is very important. Look at this and at the student's extra-curricular activities. Find out the draft status if you think this might be an issue and also if a candidate plans to go to graduate school (how and when?). And get some idea of the date a graduate would be available for employment.

It is important to build rapport with the candidates and sell them on your firm. Don't talk about anything your competition is doing. Instead, find out what the students know about your firm, tell them its history and discuss your long-range plan, CPE program, promotion and partnership policies, the variety of work you do and specific areas of expertise. And always convey the impression that you are really interested in the student coming to work with you. Be open with the candidates, lead them into discussions, encourage their responses with a nod of the head, etc., listen carefully to what they say and comment on it.

Exhibit 1

Campus Personnel Evaluation Form

Name _____

Date _____

School _____

Draft status _____

Location preference _____

Ratings	(1) Poor	(2) Below average	(3) Above average	(4) Outstanding
<input type="checkbox"/> Appearance				
<input type="checkbox"/> Oral expression				
<input type="checkbox"/> Personality and character				
<input type="checkbox"/> Drive and ambition				
<input type="checkbox"/> Interest in firm				
<input type="checkbox"/> Overall impression				

Comments:

Summary recommendation:

Try hard to employ _____
 Invite to office _____
 Wait until all interviews completed _____
 No offer _____

 Signature of recruiter

Each interview should last 30 to 40 minutes and at the conclusion, you should express your appreciation and make it clear to the candidate exactly how you will be in contact. You must follow up on that. Make sure you do keep in contact. At the end of each interview, complete the evaluation forms and get ready for the next student.

In order to hire two people, you will probably interview 10 to 15 candidates. Don't forget in your evaluations that the ultimate decision is whether to hire a candidate. Make judgments about each person's characteristics and qualities but remember to be careful of any personal biases you may have, such as a predilection for attractive red-heads.

The following are some key points to keep in mind during your review of the data on each candidate:

☐ *Appearance.* How people dress often reveals

quite a bit about them. For example, we are always more cautious if a candidate is overly casual—no tie, etc.

- ☐ *Oral expression.* Candidates are under some strain and an apparent inarticulateness may be due to this.
- ☐ *Personality and character.* Traits are difficult to determine in a 40-minute interview.
- ☐ *Drive and ambition.* The résumé can tell you a lot and so can instructors. You won't find out much during the actual interview though.
- ☐ *Interest in your firm.* Have they used any initiative at all to find out anything about your firm? If they have, it is an important clue.
- ☐ *Overall impression.* Were you comfortable with the candidate? Did you feel at ease with him or her? If you weren't comfortable or at ease, why not?

Exhibit 2

Campus Summary Evaluation Form

Interview date _____

Recruiter _____

School _____

Time began	Student name	Age	Graduation date	Draft status	Grade point averages		Remarks	Personal evaluation*						Office visit commitment				
					Undergraduate	Graduate		Appearance	Oral expression	Personality and character	Drive and ambition	Interest in firm	Overall impression					
					Overall/ accounting	Overall/ accounting												
					Y	N								?				

*Rank every category: 5 = Outstanding, 4 = Above average, 3 = Average, 2 = Below average, 1 = Poor

Selected candidates should be invited to your office to tour your facilities and meet other members of the firm. This visit should be structured very carefully. There must be no lulls or embarrassing interruptions at any stage. The candidates should meet the partner in charge of the office and a practice partner and the visit should include lunch at a nice restaurant with some of your staff accountants. The offer or rejection should never take place at the office interview. Instead, write to the candidates after all evaluations have been completed.

Conclusion

A firm is only as good as the people who work in it. We believe our present success and growth is due entirely to the people we have hired through our evaluation and selection process. We began years ago. We started recruiting on campus when our revenues were \$160,000 a year. The resources are relative. What you spend is an investment in the future and it is never too early to start.

—by Donald P. Zima, CPA
Atlanta, Georgia

Planning with Storyboards

What is a storyboard? Quite simply, it is a board that tells a story. Ideas are put on cards or paper which are then pinned to a special surface, such as cork, on a wall, in ways that show the progress of a project.

In a CPA firm, storyboards can be used in planning to save time and money as well as to help in productivity. They can focus your attention on the possibilities of what you are doing. They encourage participation and contributions. They aid recall, promote delegation and reinforce the purposes and categories of a project.

Last year we found a project to use as a comprehensive storyboard case study. The project—office moving—was ideal for testing all phases of the storyboard concept and the results convinced us of the validity of the idea.

The storyboard is not a new idea. Leonardo da Vinci put up drawings of ideas and inventions in the sixteenth century. Walt Disney used storyboards for 45 years on projects ranging from cartoons to Disney World. Graphics, drawings, cards, photographs, maps, cassette tape references and documents can all be used on a storyboard to

present information in a way that is easily understood. One can look at the board and see exactly what the information means. The boards can be prepared by a group of people or by one person. They are meant to be viewed, studied and changed and are especially valuable when work on a topic is ongoing or sporadic.

I learned about storyboards from Mike Vance at the Vance Creative Thinking Center in Hudson, Ohio. He recommends using a large (four feet by eight feet) cork board or a wall covered with cork as the actual storyboard and four subject categories when working on a project. These are

- ☐ Planning—shows topic, team members, purpose and major divisions.
- ☐ Ideas—explores the major divisions and subdivisions in more detail.
- ☐ Communications—Shows who needs to know about the project and how they are going to be informed.
- ☐ Organization—shows who is going to do the various tasks related to the project and when they are going to do them.

We are also using another idea in our firm that developed from different conversations and meetings. This is our creative planning center—a multi-purpose room that allows us to experiment with new methods of working and holding meetings. The room is approximately 21 feet by 15 feet and has a flexible room divider about 8 feet from one end.

The room is equipped for office work with a telephone, dictation machine and computer terminal, and with a television, extensive audiovisual equipment and an overhead projector for lectures and classroom activities. There are three four-foot-by-eight-foot wall-mounted cork boards and many smaller ones as well as track lights with dimmer switches.

Some of the uses to which this room lends itself are as a two person office with privacy for both and as a partially divided workroom. It can be used for conferences, board meetings, lectures, seminars, banquets, group discussions and for exercise or rest. We have used our creative planning center for various seminars and all types of breakfast and dinner meetings. With the drapes drawn on all four walls, we find it makes an excellent studio for our audiovisual projects.

—by James E. Norman, CPA
Phoenix, Arizona

Editor's note: "Smile, You're on Candid Camera!" in the May 1980 issue, describes some of the uses Mr. Norman's firm makes of video equipment.

Microcomputer Survey

In the August 1981 issue of the *Practicing CPA*, we asked readers to let us know about the types of microcomputers and software they use in their firms and about the various applications they have found for this equipment. Ninety-four readers in 35 states sent us information, and tabulations of their responses follow.

We should point out that some of the computer models listed, for example, IBM S/34, Burroughs 800, etc., are not what everyone might consider to be microcomputers. Also, it was sometimes difficult to be exactly sure what software the respondent was referring to. Some were referred to by the name of the computer model, for example. Similarly, it was not always clear from the replies if the equipment is being used in client or internal management applications.

Still, there is a fine line, in many cases, between micro, mini and other small computers, and the tables demonstrate the variety of hardware and software chosen and the many uses that can be made of this equipment in a small practice.

Tabulation of Responses to Microcomputer Survey

1. Number of responses 94
2. Number of states represented 35
3. Computer models being used and number of firms using each model.

<u>Computer model</u>	<u>Number of firms using model</u>
Cromenco	3
DEC 310	6
DEC PDP 11/34	3
DEC D325	1
DEC Station 78	1
Apple II Plus	12
TRS-80 Model I	5
TRS-80 Model II	11
TRS-80 Model III	4
Wang System VS	1
Wang 2200T	2
Burroughs B80/B81	7
Burroughs L9300	1
Burroughs B800	1
Logical Machines Corporation—Adam	1
Data General CS/30	4
IBM 5120	3
IBM 5110	2
IBM S/34	5
Royal/Pertec 8500	1
Ohio Scientific C3-DEM	1
General Robotics CDX-3	1
Texas Instrument 990	4
Northstar Horizon	3
Onyx C8001	1

CPT 8000	2
R&B Computer Systems, Inc.	1
Vector Graphic	2
Litton 1300	1
Microdata Reality	1
Altos	1
Novell Data Systems Nexus I	1
Xerox Diablo 3200	1
4. Number of firms using packaged software only. <u>63</u>	
5. Number of firms using own software only. <u>6</u>	
6. Number of firms using both packaged and own software. <u>22</u>	
7. Types of software packages being used and number of firms using each.	
Norman George	1
Digital Systems	5
BPI Systems, Inc.	4
Pyramid Data	3
R.J. Software	2
Data-Tax, Inc.	1
MCS—Tax	2
Systems Technology, Inc.	1
Aardvark, Inc.	1
Michael Beluscak, CPA	1
Zenerex Corp.	1
Creative Solutions, Inc.	3
Libra	3
Temsi (MCS)—Tax Returns	1
Visicalc	12
Howardsoft, Inc.	2
M.C.B.A.	3
Radio Shack	5
Softax—Tax	1
CCH Computax	5
CPAIDS	1
Apple—Tax Planner	2
Apple Writer	1
Apple Post	1
Apple Pie	1
Textwriter—Organic Software	1
Scriptsit	2
R Systems	1
Timberline	4
Irwin Toranto & Associates	1
AMS International	1
Executive Tech. Data Systems	1
Accountech System, Inc.	1
Lacerte Micro Corp.	1
Syntax Corp.	1
Dakin 5	1
Datawrite	1
Workstar	1
Stardos	1
Midis	1
Micro Information Systems	1
Data Directions	1
Shasta	1
Alpine Data Systems	1
Midco Data Systems	1
Personal Software—DMS	1
D.B. Master File Cabinet	1

8. Types of client applications and number of firms using computer for each type.

<i>Type of client application</i>	<i>Number of firms utilizing computer for application</i>
G/L and write-up	73
Payroll and W-2	42
Amortization & depreciation	30
Tax planning	8
Tax preparation	24
Financial analysis	13
A/R and A/P	15
Job costing	5
Mailing lists	1
Fixed asset accounting	1
Sampling and random numbers	3
Inventory control	4
Report writing	4
Commissions	1
Profit sharing plan preparation	1
Interest computations	1
Investment pricing	3
Check writing	1
Labor reporting	1
Lease accounting	1
Confirmation	1

9. Types of internal management applications and number of firms using each.

<i>Type of internal applications</i>	<i>Number of firms using computer for application</i>
A/R	19
A/P	24
Time and billing	51
Payroll	9
Word processing	17
Internal accounting	24
Management reports	4
Mailing labels	6
Client calendars	6
Client messages	1
Budgeting	1
Scheduling	7
Bank reconciliation	1
Employee productivity	2
Telephone bill analysis	1
Audit programs	1
Financial analysis	1

10. Number of firms that advise clients on what hardware and software to use. 60

11. Number of firms that do not advise clients on what hardware and software to use. 18

12. Number of firms that consider computer cost-effective. 28

Number of firms that do not consider computer cost-effective. 4

The few firms that have developed their own software did so mainly because they were not satisfied with the programs they purchased. One respondent had a contract with a software firm that promised repayment of the fee if the software did not perform to expectations. It did not perform and this respondent did not get his money back either. However, the experience did prompt him to learn how to program in the BASIC language, and starting with no knowledge at all, in two months he was able to generate general ledgers and financial statements.

Developing or purchasing software

Some firms find they can modify software to accomplish specific firm and client objectives. But one respondent says that he finds packaged software for accounting practices too standardized and too inflexible to be of much use. He says that most tax programs he came across for either in-house tax work or outside computer services still required him to do the hardest part of the work, i.e., to analyze the data and arrive at one figure for each line. His solution was to write his own programs that only require entry of the data—the computer then analyzes and sorts this information, then computes the schedules and prints the returns. This CPA had no experience in data processing, and instead of taking courses, learned to program in a few nights of interested self-study. He estimates that this saved him thousands of dollars that he would otherwise have had to spend on hardware and software.

If these comments seem a bit negative on purchased software packages, a glance at the survey results should reassure firms that are contemplating buying programs. About 70 percent of the respondents use only purchased software and many indicate that they don't intend to develop their own because they are entirely satisfied with the capabilities provided by these systems.

Is the computer cost-effective? Well, the tabulations certainly don't show an overwhelming number of respondents saying yes. Many find it difficult to determine with certainty—much depends on the volume of data to be processed and the variety of uses to which the equipment is put. Respondents did tend to agree, however, that a microcomputer permits the addition of many clients without comparable increases in staff and administrative costs.

Once initial problems and inhibitions concerning the equipment are overcome, enthusiasm for the machines increases. Many respondents plan

expanded usage and several are in the market for more powerful equipment. Some firms, in fact, simply can't think how they managed without one. Indeed, it is one respondent's belief that in five years' time there won't be a CPA firm in the country that doesn't have a microcomputer. He says that they give their users such a competitive edge that firms using them will grow much faster than those that don't. He thinks microcomputers will do to the spread-sheet what hand-held calculators did to the slide-rule.

Getting more information

This is still conjecture, of course. Nevertheless, availability and low cost are bound to increase microcomputer usage in CPA practices. For firms contemplating buying this equipment, the best advice is to know your vendors—make sure they will help with hardware and software problems—and find out about other firm's experiences. In this regard, we will send copies of the responses to our survey, without firm identification, to any reader on request. Please write to Nancy Myers, director, industry and practice management division, at the AICPA in New York.

A MAP Conference Memory Jogger

As in the past, this year's series of AICPA management of an accounting practice conferences have been planned to be of practical value to firms of all sizes. While some of the presentations offer new approaches to perennial management problems, others deal with topics, such as using a small computer or a public relations firm or paraprofessionals, or admitting non-CPA partners, that may be new to many practitioners.

Brochures giving registration information and describing the topics and speakers in detail have been mailed to members. This is the time to plan participation, so we are providing this reminder:

- ☐ Firm management and administration, July 22-23, Las Vegas.
- ☐ Small firm conference, August 12-13, Denver; and September 30-October 1, Atlanta.
- ☐ Practice growth and development, October 21-22, Washington, D.C.
- ☐ Partnerships and professional corporations, November 8-9, Chicago.
- ☐ People management, November 11-12, Chicago.

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